Fiscal Year 2019 Financial Update
Information Item #1: Financial Engagement Results For Fiscal Year Ended June 30, 2019
Engagements

Georgia Department of Audits (DOAA)

Audits
- Augusta University
- Georgia Institute of Technology
- Georgia State University
- Kennesaw State University
- University of Georgia
- University System of Georgia

Full Disclosure Management Reports
- Albany State University(*)
- Fort Valley State University(*)

Global Financial Testing
- East Georgia State College (*)
- Clayton State University (*)
- Georgia College and State University(*)
- Georgia Gwinnett College (*)
- Georgia Southwestern State University (*)
- University of West Georgia (*)

Mauldin & Jenkins
Review
- Atlanta Metropolitan State College(*)
- Savannah State University(*)

Agreed Upon Procedures Engagements
- Columbus State University
- Georgia Highlands College

USG Internal Audits
- Abraham Baldwin Agricultural College
- Coastal College of Georgia
- Dalton State College
- Gordon State College
- Middle Georgia State University
- South Georgia College
- University of North Georgia
- Valdosta State University

(*) Student Financial Aid Compliance Testing Conducted
Results – DOAA Financial Engagements

No Audit Findings Noted –
  Augusta State University
  Georgia Institute of Technology
  Georgia State University
  Kennesaw State University
  University of Georgia
  USG Consolidated Annual Financial Report

No FDMR Findings Noted –
  Albany State University
  Fort Valley State University
<table>
<thead>
<tr>
<th>FY</th>
<th>Material Weakness</th>
<th>Significant Deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>FY 2018</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>FY 2017</td>
<td>4</td>
<td>3</td>
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<tr>
<td>FY 2016</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>FY 2015</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>FY 2014</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>FY 2013</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>FY 2012</td>
<td>6</td>
<td>10</td>
</tr>
</tbody>
</table>
Results – DOAA Student Financial Assistance Compliance Engagements

Fort Valley State University
Failure to Meet Student Verification Requirements

University of West Georgia
Student Eligibility
Undocumented Cost of Attendance
Return of Title IV Funds

Georgia Southwestern University
Cost of Attendance
FEDERAL FINANCIAL AID FINDINGS

- Material Weakness
- Significant Deficiency

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Material Weakness</th>
<th>Significant Deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>FY 2018</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>FY 2017</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>FY 2016</td>
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<td>13</td>
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<tr>
<td>FY 2015</td>
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<td>18</td>
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<td>FY 2014</td>
<td>2</td>
<td>23</td>
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<tr>
<td>FY 2013</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>FY 2012</td>
<td>2</td>
<td>8</td>
</tr>
</tbody>
</table>
Results – External Financial Engagements

Review:
• Atlanta Metropolitan State College
• Savannah State University

Agreed Upon Procedures Engagements
• Columbus State University – 5 Exceptions noted
• Georgia Highlands College – 7 Exceptions noted
Results – External Federal Engagements

Agreed Upon Procedures Engagements – Student Financial Assistance Program

• Atlanta Metropolitan State College – 6 Exceptions noted
• Savannah State University – 2 Exceptions noted
Results – Internal Audits Engagements

• Abraham Baldwin Agricultural College – 1 Exception
• Coastal College of Georgia – 1 Exceptions
• Dalton State College – No Exceptions
• Gordon State College – 2 Exception
• Middle Georgia State University – No exceptions
• South Georgia College – 1 Exception
• University of North Georgia – No Exception
• Valdosta State University – No Exception
Information Item #2:
University System of Georgia
Consolidated Annual Financial Report
For Fiscal Year Ended June 30, 2019
# Financial Highlights

<table>
<thead>
<tr>
<th>CONDENSED STATEMENT OF NET POSITION</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$ 2,471,187,616</td>
<td>$ 2,292,837,480</td>
<td>7.78 %</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>10,180,886,037</td>
<td>9,878,403,906</td>
<td>3.06 %</td>
</tr>
<tr>
<td>Other Assets</td>
<td>489,893,475</td>
<td>498,530,235</td>
<td>(1.73)%</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>13,141,967,128</td>
<td>12,669,771,621</td>
<td>3.73 %</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS</strong></td>
<td>1,242,647,053</td>
<td>873,854,980</td>
<td>42.20 %</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>929,281,944</td>
<td>914,781,438</td>
<td>1.59 %</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>10,144,248,555</td>
<td>9,983,382,572</td>
<td>1.61 %</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>11,073,530,499</td>
<td>10,898,164,010</td>
<td>1.61 %</td>
</tr>
<tr>
<td><strong>DEFERRED INFLOWS</strong></td>
<td>1,277,144,280</td>
<td>1,038,949,132</td>
<td>22.93 %</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>7,029,370,125</td>
<td>6,666,852,110</td>
<td>5.44 %</td>
</tr>
<tr>
<td>Restricted, Non-Expendable</td>
<td>181,015,931</td>
<td>204,781,419</td>
<td>(11.61)%</td>
</tr>
<tr>
<td>Restricted, Expendable</td>
<td>265,970,604</td>
<td>218,195,579</td>
<td>21.90 %</td>
</tr>
<tr>
<td>Unrestricted (Deficit)</td>
<td>(5,442,417,258)</td>
<td>(5,483,315,649)</td>
<td>(0.75)%</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td>$ 2,033,939,402</td>
<td>$ 1,606,513,459</td>
<td>26.61 %</td>
</tr>
</tbody>
</table>
# Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$5,532,092,809</td>
<td>$5,210,409,894</td>
<td>6.17%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>8,623,637,908</td>
<td>8,237,924,034</td>
<td>4.68%</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>(3,091,545,099)</td>
<td>(3,027,514,140)</td>
<td>(2.11)%</td>
</tr>
<tr>
<td>Non-Operating Revenue and Expense</td>
<td>3,100,564,463</td>
<td>2,992,032,012</td>
<td>3.63%</td>
</tr>
<tr>
<td>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Special Items</td>
<td>9,019,364</td>
<td>(35,482,128)</td>
<td>(125.42)%</td>
</tr>
<tr>
<td>Other Revenues, Expenses, Gains, Losses</td>
<td>364,597,880</td>
<td>287,656,654</td>
<td>26.75%</td>
</tr>
<tr>
<td>Special Items</td>
<td>52,770,005</td>
<td>(30,284,826)</td>
<td>(274.25)%</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>426,387,249</td>
<td>221,889,700</td>
<td>92.16%</td>
</tr>
<tr>
<td>Net Position at beginning of year, restated</td>
<td>1,607,552,153</td>
<td>1,384,623,759</td>
<td>16.10%</td>
</tr>
<tr>
<td>Net Position at End of Year</td>
<td>$2,033,939,402</td>
<td>$1,606,513,459</td>
<td>26.61%</td>
</tr>
</tbody>
</table>
Revenue by Source (in millions)
Total $9.2 Billion

- State Appropriations: $2,434
- Grants and Contracts: $2,708
- Tuition and Fees: $2,108
- Auxiliaries: $932
- Gifts: $439
- Other: $546
Operating Expenses (in millions)
$8.6 Billion

- Staff Salaries: $2,087
- Employee Benefits: $1,072
- Other Personal Services: $19
- Scholarships & Fellowships: $350
- Travel: $87
- Utilities: $194
- Supplies & Other Services: $2,484
- Depreciation: $519
- Faculty Salaries: $1,812
Budgetary Compliance Report
Fund Balance (in millions)

Annual Financial Report Overview

- Highlight Section
- Financial Statement Presentation
- OPEB Liability increased $191 million
- Defined Benefit Pension Plan increased $24 m
- Net Position (Overall) increased $427 million